INDIA-CHINA DIALOGUE:
REPORT AND ANALYSIS

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India-China Dialogue: Report and Analysis

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INDIA-CHINA RELATIONS: POSSIBILITIES AND CONSTRAINTS

The India-China relationship today is confronted by a significant challenge. In the 1990s, it appeared to have shed much of the baggage of the past—primarily, the animosity due to a prolonged border dispute—by means of a concerted effort to promote political dialogue and economic cooperation. However, by the turn of the millennium, the relationship had begun to stagnate. The political dialogue had yielded no forward movement on the border dispute and other issues, while trade, though still growing, had produced a marked imbalance in favour of China and there were differences over non-tariff barriers. Furthermore, signs of deterioration in the relationship have appeared over a number of issues: Arunachal Pradesh; Pakistan; Kashmir; Tibet; competition for scarce sources of fossil fuel; rivalry on the high seas; and differences over India's place in the non-proliferation regime. From a balance-of-power perspective, the emergence of China and India as potential major powers, combined with what appears to be a relative decline in American power, has produced the beginnings of a triangular strategic relationship.

It is often remarked that, though India and China are neighbours, there is little interaction between their peoples. This dialogue represents a small but significant attempt to transcend the Himalayan barriers—physical, political and social—that have long stood in the way of an improved understanding between the two countries. We had no illusions about the difficulty of such an enterprise, but we were nevertheless, convinced that the effort would be worthwhile if divergences on key security issues were aired and some progress was made towards reducing frictions and developing a common ground.

The aim of this dialogue was to explore ways in which India and China can try and (i) find ways to understand each others' perspectives on issues of critical concerns where they have significant differences; (ii) gauge the extent to which these differences can be reduced; (iii) identify ways in which a common ground can be expanded; and (iv) to the extent that the differences remain significant, seek ways in which each can appreciate the other's perspective and curb the potential for frictions to grow. In particular, the dialogue attempted to understand the ways in which the two countries can build a structure of cooperation that goes beyond trade to political cooperation, including military cooperation. The dialogue involved discussions along four broad themes—the border dispute, maritime security, nuclear weapons, and new areas of political and military cooperation—to understand the perspectives of both sides. This report identifies the way forward in the Sino-Indian relationship on the basis of these discussions.

SESSION I

THE BOUNDARY DISPUTE

Dr. Sujit Dutta

The Sino-Indian boundary dispute arose because the British rulers of the subcontinent were never successful in clearly delineating the 3,488-km-long border. While India had accepted the so-called McMahon Line as the border, China had rejected it. The dispute, which led to the Sino-Indian border war of 1962 and a major confrontation at Sumdorong Chu in 1986–1987, remains alive today.

The session started with the Chinese side presenting its case. It was noted that the Chinese public is oblivious about the boundary negotiations. Prime Minister Rajiv Gandhi's visit to China in the late 1980s was crucial in establishing a framework for building better relations. Subsequently, under Prime Minister Vajpayee's government, a special representatives' dialogue was established and Chinese Premier Wen Jiabao's visit to New Delhi in 2005 further cemented the relationship. The Chinese media are uncertain whether the negotiations will produce a positive outcome. Negotiations have proceeded very slowly due to competing interpretations regarding what each side had conceded in the previous round of negotiations. From the Chinese perspective, the Indian media sounds needlessly alarmist. India has boosted its military presence through the deployment of more army divisions along the disputed frontier. However, it was observed that the security situation at the border is stable. Agreements in 1993 and 1996 between the two sides have ensured a tranquil situation on the boundary. If India and China continue observing these agreements, there will be no problem. Yet incidents such as the Dalai Lama's visit to Tawang have offended China. The Indian media, it was noted, is responsible for inflating minor and trivial incidents. It was noted that considering the complexity of the boundary dispute, it is not tractable to find a solution in the immediate future. However, both sides must continue their dialogue, which will help to generate new initiatives. Direct channels of communication need to be opened up and military-to-military contacts need to be stepped up. The future remains unclear. China will want mutual concessions and a final settlement cannot be expected anytime soon. It was suggested that India and China need to consolidate their bilateral relationship at four levels:

- Both sides need to create a political atmosphere to secure public support for a final agreement.
- Both sides have to recognise that the other party has national security concerns. Problems cannot be resolved if India and China view each other as a threat.
- Bilateral economic ties are satisfactory and growing. People to people contact needs to be enhanced.
- The boundary dispute must be pushed to the backburner, because it defies easy resolution. Failure to resolve the problem should not affect progress in other areas of the relationship. India is in too much of a hurry to resolve the boundary dispute. Why not put aside the border issue for ten to twenty years and focus on other issues? Both sides need to work together on global and regional issues.

From the Indian perspective, it was noted that there were no specific reciprocal concessions laid out by the speaker from China. Contrary to the Chinese viewpoint, it was argued, the Sino-Indian boundary dispute is not merely a relic of history, but an issue that has to be addressed constructively because of its substantial importance. Large areas of territory are involved and this affects other aspects of the bilateral relationship. Despite thirty rounds of talks, there has been very little progress. It was observed that China has not shown any urgency in resolving the boundary dispute. If an agreement on broad principles for a settlement can be reached, much of the problem would be resolved. India considers its agreements with Tibet valid while China does not. China, it was suggested, must find a political resolution to the Tibetan problem.

Five contentious issues with regard to the boundary need attention.

- Compromise will be required. There can be no population transfer. Citizens of each country must stay where they are.
- For the Burmese case, China believes the McMahon Line should be accepted, but Beijing rejects its extension to India. More consistency from China is necessary.
- With regard to Tawang, only religious ties bind it to Tibet and there is simply no basis for Beijing to suspect Indian claims. China needs to focus on the trajectory of the boundary line. In the middle sector, the watershed line—mentioned in the 1954 agreement—can remain the basis for agreement. In the western sector, China already occupies more ground than it claims and India can make a major concession to Chinese interests.
- India's deployment along the China border is not large as compared to that of China. The Chinese, moreover, conducted one of their largest military exercises in the region in December 2010.
- If China continues to claim Arunachal Pradesh, it will be very difficult for India to sustain its position on Tibet, and this in turn will cause the relationship to deteriorate.

Dr. Zhao Gancheng

The Chinese side noted that China has deep differences with India over the history of the boundary problem. Beijing does not recognise Arunachal Pradesh, but sees it as Southern Tibet. Furthermore, Arunachal Pradesh is too large a piece of territory for China to ignore. In response, it was countered that India has already made two major unilateral concessions: it has recognised China's suzerainty over Tibet and followed a 'One-China' policy. China must reciprocate and create the conditions for a final settlement. It was also pointed out that the Dalai Lama can be born anywhere and Tawang's relationship with Tibet is only ecclesiastical.

Despite Indian apprehensions, the Chinese presenter argued, China's development of its Western region is not a hostile enterprise, but intended to economically integrate it with the prosperous regions in the East and the South. China would prefer that India focus on doing business than press for a quick resolution of the boundary dispute.

When the question was raised as to whether there is any common ground between the two countries, both sides agreed that trade is unproblematic, including at the local level, e.g. at Nathu-La on the border.

It was noted that India and China disagree about the length of the boundary; they dispute the amount of territory each has in its possession and do not agree on the trajectory of the boundary line. Since the 2005 agreement, which was meant to limit friction, India and China have repeatedly clashed over competing interpretations over the boundary. The difference between the two sides was most stark on when and how the boundary dispute should be resolved. The Chinese side believes the issues should be relegated to the backburner whereas the Indian side insisted on greater urgency. There were queries about whether the Chinese media was sufficiently educating the Chinese public about the territorial dispute. As is the case in India, it was countered, the Internet or the media cannot be regulated in China. To overcome any negative reporting, the governments of India and China need to be quick to respond to erroneous and unsubstantiated news reports. It was observed that closer attention needs to be paid to confidence building measures (CBMs). Despite differences over core territorial issues, both sides agreed that India and China could establish a 'Free Zone' in the form of greater cultural and economic contacts around the areas in dispute such as Tawang. The latter could minimise friction over disputed territory. They also agreed that the Bangladesh, China, India and Myanmar (BCIM) initiative needs more attention. Since 1988, there has been greater cultural and economic contact between the two countries and there was a consensus that it needs to be intensified. All participants agreed that greater mutual trust is necessary for a durable settlement.

In sum, the areas of disagreement remained substantial. Clearly, the border continues to be a sticky issue and the dialogue did not produce a common ground on its

demarcation. Even the larger question of whether further development on other issues is feasible was not agreed upon: the Chinese side favoured separating the two issues in order to focus on trade while shelving the border problem. The Indian side, on the other hand, tended to lean towards a primary focus on the border. Pragmatically speaking, since there can be no change unless both agree, it appears the two issues are likely to remain separate. We suggest that, while the border issue remains in abeyance, the more immediate issue of demarcation of the Line of Actual Control (LAC) should be taken up seriously. This has been the site of repeated local frictions and one should be mindful of the fact that the Sino-Soviet conflict of 1969 began at this level. Both sides noted that the media tend to exaggerate existing and potential sources of friction. Yet there also seemed to be a sense that not much can be done about this. We suggest that, without necessarily putting any kind of pressure on the media, the two governments can restrain some of the tensions arising from sensationalist and jingoist reports and analyses by regularly presenting a more accurate picture of reality with regard to contentious issues.

MARITIME SECURITY

Dr. Cai Penghong and Dr. C. Raja Mohan

The second session on India's maritime security was initiated by the Indian side. The presenter noted that currently, maritime security is not an area of contention, but this is unlikely to continue in the future. He noted that there are growing signs of a security dilemma in the maritime arena. Each side's actions come across as a threat to the other. India's growing partnership with the U.S. Navy and conversely, the Chinese navy's partnership with India's immediate neighbours may increase the mutual uneasiness. Traditionally, India's concerns have been centred on the Indian Ocean. This will change when India expands into the Pacific Ocean. China and India's trade has grown rapidly; consequently, their dependence on the seas has also grown, transcending their continental orientation. Both states are developing navies to protect their merchant marine and vital sea lanes. Imported resources are central to national security and demand an expanded maritime footprint. As they seek to assuage their security concerns and establish a degree of control over trade routes, India and China will need to manage friction in the maritime domain. Although India and China are consolidating their geographic advantages; they need to kick-start a maritime dialogue. Naval confidence building measures (CBMs) need to be instituted: thus far, there have been no regular naval exchanges between the two sides. The India-China military dialogue has been suspended owing to Beijing's visa restrictions on Indian civilians and military officials. However, if and when the dialogue resumes, both sides need to focus on larger issues. For a start, they could begin joint work in maritime archaeology. The Indian strategic establishment has not called China a threat. During Premier Wen Jiabao's visit to India in December 2010, there was a tentative discussion to forge cooperation in protecting sea lanes. It was noted that the Indian Ocean is not India's ocean and that the South China Sea is not China's sea. Both sides should seek to secure the seas as a global commons and undertake shared tasks for the provision of public goods. In sum, they should avoid territorialising issues and maintain the freedom of the seas.

The Chinese side noted that China and India support a peaceful Indian Ocean. Just as India wants to keep the sea lanes open, China does too. They share the objective of tackling terrorism and other non-traditional security threats. Chinese naval strategy has evolved since the 1950s. In the initial stages, the PLA Navy (PLAN) was small and just focused on active coastal defence. By the 1980s, the task of offshore projection started to grow and the PLAN forayed into distant waters. China's relations with Pakistan are friendly and largely confined to port calls. China is not trying to be assertive or to set up bases abroad. There are differences in perceptions about China's naval ambitions and intentions. The Chinese navy's defensive action in the Gulf of Aden to protect its maritime interests is seen by India as offensive. The Chinese navy's port calls at Pakistani naval facilities and naval exercises

between China and Pakistan come across as threatening to India. Conversely, Beijing feels India is trying to pursue a naval containment strategy against China and prevent its legitimate presence in the Indian Ocean. Although China is trying to expand its capacity to conduct naval operations in distant waters, it does not have the logistical infrastructure, as of yet.

In the case of India, its navy is trying to establish sea control. The Indian navy could try and disrupt China's merchant marine. It conducts naval exercises with the U.S. navy and also seeks to confine Chinese naval force projection. Some suggestions and questions were raised for further consideration:

- China does not have logistical capacities and faces equipment deficiencies.
- It will not build military bases in the Indian Ocean in the foreseeable future.
- Can the Indian navy support the Chinese navy? Can the Indian navy escort Chinese vessels, provide replenishments and medical assistance?
- Can both navies cooperate in the Gulf of Aden and in anti-piracy operations?
- Can Indian naval ships provide assistance and security for Chinese ships during a crisis?

During the subsequent discussions, it was observed that, though concerns do exist on both sides, the situation in the maritime domain is not as serious as the situation on the border. Mutual logistical assistance at sea can be a significant CBM. There was recognition that there appears to be a classic "security dilemma" at work: What each side does to bolster its security in a defensive way is often seen as a threatening action by the other. The Indian side agreed that it is inevitable for China to operate in the Indian Ocean. The United States, it was noted, is in relative decline. Some of the burden of providing public goods—for instance, of keeping sea lanes open—can be jointly assumed by India and China. Port facilities can be given on a reciprocal basis. As a first step, the two naval establishments should begin to talk to each other.

There was a convergence of views on this specific matter. Greater maritime contact is necessary between the Chinese and Indian Navies. Both sides need to clarify their official strategic postures. The Chinese side noted that the United States wants to dominate the Indian Ocean, whereas China wants only to protect its interests, not to challenge American power. China does not wield the naval capabilities required to take on the United States. It will not have such capabilities for years to come. In the early 1990s, Li Peng declared that China has no adverse naval ambitions. China also made critical concessions in its disputes over island chains. In 2010, when Hillary Clinton declared that the United States has interests in the region, the Chinese government was forced to harden its position, thereby causing tension between China and its Southeast Asian neighbours. Following a question about China's naval investment in Yemen, it was pointed out that the logistics base in Yemen cannot be deemed a military naval base.

Dr. Tansen Sen

The Indian side agreed that China undoubtedly would have military bases abroad in the coming years in order to secure its interests. If the U.S. can have bases, why can China not do the same? All great powers in the past have developed strong navies and acquired distant naval bases. India too will do the same. The key issue for India and China is how each side is going to manage dispersed interests without a collision. India also understands that China cannot fully pursue a "String of Pearls" strategy. For instance, its naval facility in Gwadar, Pakistan, is difficult to protect. It was suggested that a framework for engagement on maritime issues is necessary. A balance of power is dangerous; collective security is difficult; a concert of powers, which is about devising some set of rules and then implementing them, is both feasible and desirable. As the U.S. role declines, India and China will need to find ways to devise a concert or develop rules to regulate maritime interactions.

The discussions indicated that the time is ripe for starting a dialogue to develop a framework for maritime

engagement. There is a convergence between the Chinese and Indian sides that there should be greater cooperation through naval exchanges, in the form of port calls, access to each other's naval facilities, joint sea lane protection and anti-piracy operations. As the moderator observed, naval diplomacy of this kind could serve as a crucial CBM. Unlike the border issue, there is a greater possibility for being creative in the maritime realm. Businessmen of both sides need to get together because economic issues drive maritime concerns. Unlike the territorial dispute, maritime security is not yet a major source of contention. However, the urgency to engage has been equally limited at the official level.

A key point is that the political cost of CBMs on maritime issues is still low. There are no territorial disputes involved; neither side poses a significant military threat to the other; and there are several common interests that provide them with incentives to cooperate. However, this may not necessarily remain so. The maritime domain is also conducive to future conflicts in several ways. For one thing, because of the fluid nature of the seas, red lines are not easily demarcated or understood. This means that, in a competitive environment, naval vessels may breach the other side's perceived red lines without being aware of it. Or they may engage in close surveillance and shadowing, which could conceivably lead to a local confrontation or accident with the potential to escalate tensions. For instance, in March 2009, a U.S. naval ship, the Impeccable, was involved in a confrontation with five Chinese vessels, 75 miles off Hainan Island, with the United States claiming it was in international waters and China accusing it of surveillance activities in violation of international law. Typically, naval forces tend to have looser controls over them compared to land forces and this may also cause confrontations. This underlines the importance of not letting matters lie, but rather of addressing potential risks before they appear and at a time when political pressures are not intense.

India and China can develop Naval Confidence Building Measures (NCBMs) in the event of accidents and confrontations at sea. One confidence building measure could be to negotiate an Incidents at Sea agreement similar to that signed by the United States and the Soviet Union in 1972 to, among other things, maintain a distance between their ships, inform each other of exercises or manoeuvres, and use agreed signals when in close range. This may not always be sufficient because naval forces are loosely controlled but it is necessary because a hotline can obviate miscalculation and escalation.

NUCLEAR WEAPONS

Dr. Rajesh Rajagopalan and Dr. Teng Jianqun

From the Chinese perspective, it was noted that there were similarities as well as differences between China and India on the issue of nuclear weapons. The leaders of both countries had started showing an interest in nuclear technology as early as the 1940s. However, while the Chinese nuclear programme was consciously developed for the purposes of defence at its inception, it was the development of civilian nuclear technology that spearheaded the Indian nuclear programme. Consequently, China began developing nuclear weapons in the 1950s, while India began seriously debating the weaponisation of its nuclear programme only in the aftermath of the first Chinese nuclear test that was conducted in 1964 (i.e. two years after the 1962 Sino-Indian War, which India lost).

Despite the fact that Chinese officials and scholars have been reluctant to talk about their country's nuclear policy since its early days, China's nuclear posture and strategy have been remarkably stable. This is not to deny the continuous evolution of China's nuclear weapons programme. For example, the 1970s witnessed the rapid development of China's Inter-Continental Ballistic Missiles (ICBMs), while Submarine-Launched Ballistic Missiles (SLBMs) were added to China's nuclear forces in the 1980s. However, the fundamental goal of China's nuclear strategy is to deter its adversaries, and is undergirded by a "no-first-use" policy.

China has a retaliation-only policy, and hopes to avoid a nuclear war simply by the possession of nuclear weapons. More importantly, there is a very slim possibility of a large-scale conventional war against China today, an important fact that further reduces the military utility of its nuclear weapons. Furthermore, as highlighted in the latest Chinese Defence White Paper, the PLA has the capacity to prevent the separation of Taiwan from the mainland. Overall, the policy will remain stable because any substantial changes in doctrine and deployment will impose enormous costs running into billions of Yuan. In the long term, disarmament remains a foundational policy: the first major goal is "complete prohibition", to be followed eventually by "thorough destruction". Today, while the military focuses on safety, reliability and capability, China's interest in civilian energy has grown significantly, with half a dozen nuclear plants planned annually for the next six years.

Dr. Prasenjit Duara

The Indian side observed that both India and China share similar perspectives on nuclear weapons. Both accord a fairly limited role in national security strategy to nuclear weapons. These are viewed as defensive instruments, their role restricted to retaliation. Yet there are signs of change as each country is trying to develop a wide array of delivery systems and platforms. That said, India has been (and will probably continue to be) much slower than China to build up its nuclear weapons capabilities.

China and India also share similar attitudes towards disarmament and non-proliferation. China believes that there must be complete abolition and destruction of nuclear weapons in order to achieve disarmament. India has also been an ardent supporter of a complete and universal disarmament since the 1950s. Both countries view the proliferation of nuclear weapons as a serious threat. Interestingly, both of were ardent critics of the global non-proliferation order (and still are, to some degree). However, while China is already integrated into the global non-proliferation regime, India is only now in the process of joining the extant order (albeit with important changes to tacitly accommodate New Delhi's nuclear weapons programme).

Finally, both China and India are interested in the extensive civilian use of nuclear technology, especially to generate power to feed their rapidly growing energy-hungry economies. Both countries are in the process of developing several civilian nuclear reactors for the purpose of power generation.

In spite of the broad similarities in the nuclear programmes and policies of China and India, there are important areas of disagreements between the two countries. Each is suspicious of the other's force structure, though this is not a serious issue. A more serious concern from the Indian standpoint is China's military and strategic linkage with Pakistan. The transfer of nuclear technology and fuel supplies from China to Pakistan is viewed in India as a deliberate attempt to contain India. New Delhi believes that China hopes to limit India's influence in Asia by keeping it preoccupied with the affairs of the subcontinent as a consequence of these Sino-Pakistani links.

There are other important areas of disagreement between China and India pertaining to the nuclear issue. For example, nuclear terrorism is a major cause of concern for India's security establishment. By contrast, China is relatively less troubled by this issue. Of the most serious concern to India is that China seems to be opposed to India's joining the nuclear nonproliferation regime. For instance, Beijing was reluctant to allow the Nuclear Suppliers Group (NSG) to open up trade in nuclear materials and technology with India in 2008. The absence of a realistic approach towards India's emergence as a nuclear weapons power is also a major concern for New Delhi. It was suggested that a closer dialogue between China and India on nuclear issues is needed. However, China and India have never had a nuclear dialogue because Beijing does not consider India to be a nuclear weapons state under the terms of the Nuclear Non-proliferation Treaty (NPT). It was suggested that China should rethink its nuclear policy towards India and engage New Delhi in a global dialogue. A Sino-Indian dialogue on global issues related to the Comprehensive Test Ban Treaty (CTBT), the Fissile Material Cut-off

Treaty (FMCT) and disarmament may prove to be more productive as it will be less contentious than a discussion on their nuclear weapons programme. However, China would have to consider India as a nuclear-armed state to enter into such a dialogue. It remains unclear whether Beijing will be able to change its thinking on this matter.

The Chinese side responded that it was not just the policy of the Chinese government, but also that of the other recognised nuclear weapons states (the United States, Russia, the United Kingdom, and France) to treat India as a non-nuclear weapons state. However, this assertion was contested on the ground that the United States has engaged India extensively over nuclear issues as exemplified by the 2008 U.S.-India civil nuclear deal (which tacitly recognises India as a nuclear weapons state). Besides, China as a member of the NSG explicitly accepted the change in the group's rules and thereby implicitly recognised India's possession of nuclear weapons. The Chinese side agreed that its government was very cautious on the issue of a nuclear dialogue. It held the U.S.-India civil nuclear deal responsible for China's unease and recent assertiveness in its attitude towards India. The Chinese position was that the U.S.-India civil nuclear deal was a product of the U.S.-dominated global nuclear order and therefore China was not obliged to accept it. This argument was countered by noting that China itself was a member of the U.S.-led global nuclear order that included regimes such as the NPT.

Dr. Bhibhu Prasad Routray and Manjeet Pardesi.

In the context of India's growing partnership with the United States, the Indian side queried whether China was trying to create a nuclear balance in South Asia by means of the Sino-Pakistani nuclear relationship. It was pointed out that, unlike the Sino-Pakistani nuclear deal, the U.S.-India nuclear deal had gone through an approval process that included the consent of several multilateral forums. China's policy towards Pakistan appeared to be a calculated response to the U.S.-India nuclear deal, but without going through the multilateral clearance process. Pakistan's poor nuclear proliferation record was also viewed as a major source of threat to international security. The Chinese response was that the approval process is based on U.S. dominance. The United States had never consulted China on its agreement with India and this came as a shock to Beijing. There was a consensus that more discussions were needed at the academic level between India and China on the nuclear issue before they could be raised at the level of policymakers.

The thrust of the discussions here was slightly different from the preceding ones. The border issue was focused on concrete disagreements on specific cartographic matters. In contrast, discussions on the maritime issue revolved around potential rather than existing areas of conflict. The debate on nuclear weapons stood somewhere in between. While there is little concern on either side over direct threats by the other's capabilities, the area of suspicion lies mainly in the linkages between the nuclear weapons-related relationships, with India concerned about China's links with Pakistan and China worried about India's relationship with the United States. Notwithstanding some of the historical baggage carried by such fears, both sides have strong contemporary concerns. The critical question then is: to what extent can these fears be assuaged? While the concerns of "realists" are not devoid of meaning, the real world is one in which conflicts of interest and their associate patterns of competitive strategic conflicts coexist with a trend towards increasing cooperation. The latter is driven by the existence of nuclear weapons as well as by the movement towards economic integration. Since, the potential cost of conflict is very high in these circumstances, efforts need to be made towards emolliating tensions. Political dialogue within a trilateral framework can move toward this. Unilateral reassurance can further facilitate the process. India must signal to China that its relationship with the United States is not necessarily antithetical to Chinese interests and China in turn must demonstrate that its relationship with Pakistan is not detrimental to Indian interests. Strengthening Sino-Indian interaction by means of enhanced military-to-military communication would

greatly assist this process. One way to increase military contact is through regular officer exchanges between the armed services of the two countries. A second pathway is by holding a direct dialogue between senior military officials as exemplified by high-level military contacts between China and the United States.

NEW AVENUES FOR POLITICAL AND MILITARY COOPERATION

Dr. Madhu Bhalla and Dr. You Ji

Are China and India looking for new avenues for political and military cooperation because they have exhausted all existing possibilities? This was the primary concern that opened the discussion in the final session of the dialogue. It was inquired whether the contentious issues between China and India today are the same as they were ten or fifteen years ago, and if the two countries are engaged in a zero-sum game. If this is indeed the case, then how can they devise a new approach in dealing with the challenges in their relationship? On what basis are the two countries going to premise their new cooperation and how are they going to reorient their thinking on old issues?

It was noted that thus far, China and India have approached their bilateral relationship through the prisms of the border dispute, the Tibet issue, the status of Kashmir, and their respective relationships with Pakistan. The recent visit of Premier Wen Jiabao to India did not produce any breakthrough on these issues. China blames the Indian media for creating an atmosphere of distrust between the two countries, but the Indian media only reports on the basis of what little information it is able to obtain from official sources.

Military cooperation between the two countries has also stalled in recent months because of differences over territorial issues. Furthermore, anti-terrorism cooperation has not yet been operationalised. While the CBMs that had already agreed upon by the two have continued, none of the issues that have created a common ground between China and India have been developed or built upon. It was also observed that the asymmetry in power between China and India is a major concern for New Delhi, but not for Beijing.

Importantly, both China and India believe that each country is playing balance-of-power politics vis-à-vis the other. There is a perception in China that India's political leadership and strategic community were trying to balance China by building a strong strategic partnership with the United States. On the other hand, there is a strong belief in India that China is riding on India's neighbours' fear of India, primarily that of Pakistan. It was agreed that each side needed to be sensitive to the primary interests of the other side.

Unlike purely bilateral issues (most of which are directly or indirectly centred on the issue of territory), it is believed that multilateral fora offer a better avenue for Sino-Indian cooperation. For example, cooperation between China and India at the World Trade Organization (WTO) and on international climate change negotiations are likely to continue as these issues are much easier to manage and the interests of the two countries are much more in accord. However, the Indian side believes that China's cooperation at such gatherings is purely utilitarian while India's commitment stems from a Nehruvian paradigm, which stresses a deeper engagement. From the Indian standpoint, the Chinese strategy appears to be one of changing the rules of the game through forums such as the Group of 20 (G-20) and BRIC (Brazil-Russia-India-China).

Dr. Li Mingjiang and Dr. Su Hao

The key suggestions for progression on the dialogue between the two sides included:

- Optimisation of the India-China "strategic partnership" through cooperation on terrorism and on the Af-Pak region;
- The incorporation of China into the Indian Ocean Forum;
- The expansion of the dialogue on climate change to come closer on preservation of the Himalayan eco-system and its resources, including water; and
- A dialogue on nuclear issues.

The Chinese side began by stating that Indian strategists and policymakers have tended to persist with the balance of power approach of the Cold War era. What is needed is a partnership relationship that allows for benign competition, rests on common cognition and interests, mutual respect, and common responsibility for regional peace and prosperity. It was suggested that the two countries should seek accommodation at multiple levels:

- Bilateral level: concrete measures are required on the territorial dispute and on water sharing. Military cooperation could be developed on land by joint exercises grounded on common interests (notably on anti-terrorism) and at sea with regard to protection of sea lanes, addressing non-traditional threats, and countering terrorism.
- Trilateral level: the United States, China and India must maintain a stable regional structure in South Asia;
- Regional level: South Asia and Southeast Asia should be linked and India should be actively engaged in the regional institutional framework;
- Global level: The two countries should cooperate through multilateral institutions such as the G-20 and BRIC.

GOING FORWARD

Many of the problems that exist between China and India are consequences of three factors at work. First, there is clearly a security dilemma at work, with each suspicious of the motives of the other party even as it grudgingly recognises that the other party has legitimate interests that are expanding. Second, while the classic realist perspective on clashing interests and power in an anarchic international system has not entirely become redundant, the growing coincidence of interests between the two "emerging powers" in an increasingly integrated system has not yet been fully recognised by either side. And third, domestic political uncertainties place leaderships under pressure even as nationalism becomes a key instrument that is used competitively by governments and opposition groups to expand or consolidate political power.

There are a number of foundational ways to build on the gains made thus far and to reduce growing frictions. A number of valuable suggestions have emerged from the discussions:

- Thicker levels of institutional engagement between China and India can reduce many sources of misunderstanding between the two countries and also diminish the "trust deficit" between them.
- Enhanced interaction between the epistemic communities of the two countries is vital, given the overall low level of knowledge that each side had of the other. This lack of communication must be addressed immediately as it is central to Asia's stability.
- The scope for mutual engagement by business groups is seriously under-explored and calls for attention through the cooperation of private sector business institutions.
- The key role of effective political leadership is to encourage business, academic and other groups and to facilitate implementation of cooperative decisions.
- There is considerable scope for one or more Track-II dialogues to be conducted with links to official mechanisms to push the process forward.
- Cooperation along three dimensions—economy, energy, and environment—will help dampen mutual suspicions and create positive spin-offs. During his visit to India in April 2005, the Chinese Premier Wen Jiabao had promoted the idea of "marrying" India's software expertise with China's superb hardware capabilities. However, as a consequence of the political differences in the Sino-Indian relationship, Indian information technology companies have found it difficult to penetrate the Chinese market just as Chinese hardware companies face restrictions in India. These barriers need to be removed before the two sides can partake in the other's economic development for mutual gains.
- Similarly, the two sides also signed an agreement to promote energy cooperation in order to limit competitive bidding. However, these developments have not been built upon. While some healthy

competition is inevitable given that they are both large economies that are simultaneously emerging on the global stage, conflict is not inevitable if the relationship is managed well. As the 2008 Doha round of World Trade Organization talks and the 2009 Copenhagen climate conference have demonstrated, the two countries have much to gain—especially in multilateral fora—if they understand the policy preferences of the other side.

- At the regional level, Southeast Asia can be a bridge rather than a battleground between the two powers. Both countries have free trade arrangements with the Association of South East Asian Nations (ASEAN) and these arrangements could be gradually integrated to produce a single integrated system over time to promote economic cooperation on an unprecedented scale.
- Most fundamentally, India and China need to be sensitive to each other. Since many issues between them are products of misunderstandings and misperceptions, it is imperative to clear the air and to pave the way for mutually beneficial engagement.
- Finally, it is important that the recommendations from dialogues such as the present one be fed into official mechanisms on both sides. These can feed into policy by underlining that, in today's complex world, rising powers need not view their relationship in terms of loss and gain. On the contrary, the time has come to consider the possibility that they can rise symbiotically.

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AUTHORS' NOTE

Every effort has been made to present the viewpoints of the participants as accurately as possible. In fairness, we refrained from quoting individual speakers in order to enable all participants to speak without fear of being misquoted or otherwise inappropriately cited. We deliberately chose not to present this as a simple report but rather to use the proceedings as a base to develop an analytical understanding of the discussions. The authors are wholly responsible for the contents.

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